



**IN SEARCH OF NEW TALENT,  
EXPERIENCE, AND PERSPECTIVES**

WOMEN IN INVESTMENTS  
Sacramento Convention Center  
February 10, 2009



# Women in Investments Public Equity Workshop



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# Opportunities in Public Equity

## CalPERS Global Equities Unit

Mary C. Cottrill  
Senior Portfolio Manager, CalPERS



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# Public Equity Opportunities at CalPERS

- Mainstream Manager Program
- Environmental Program
- Manager Development Program
- Fund of Funds Program
- Corporate Governance Program



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# Mainstream/Environmental Manager Program

- Managers selected through an RFP (on CalPERS website)
- Advertisement and data base search
- Minimum qualifications are often high – but not always!
- Staff scoring followed by staff interviews
- Optional Board interviews
- General Pension Consultant provides an opinion letter, may attend interviews
- Staff recommends managers to the CalPERS Investment Committee



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## Mainstream / Environmental Examples

- Environmental Equity Management RFP
  - SEC registration, 3 years' performance, \$100 million AUM
  - Or, SEC registration, 10 years' experience in equity investing
- U.S. Equity Long/Short Management RFP
  - SEC registration, one year history and \$100 million AUM, plus key portfolio managers and traders have three years' experience shorting stocks



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# Manager Development Program (MDP)

- MDP creates, develops and assists firms targeting the institutional market place
- Open to firms with less than \$2 billion AUM that manage public equity or high yield fixed income portfolios
- Provides venture capital as necessary for business capital needs in exchange for a minority, but significant, equity stake, along with AUM of \$100 to \$200 million





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## MDP Implementation

- CalPERS has two strategic partners that source the deals and invest along with CalPERS
- Manager selection is a joint decision between CalPERS and the strategic partner
- CalPERS can increase or reduce assets, graduate firm to mainstream program
- About 10% of current deal flow is from woman owned firms



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# Fund of Funds Managers

- Two fund of funds managers construct “best of breed” portfolios of emerging managers for CalPERS
- Manager selection is the responsibility of the fund of funds manager
- Currently there are 24 underlying managers of which 5 are woman owned





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# Corporate Governance Program

- Corporate Governance funds should send their fund information to CalPERS Corporate Governance Staff
- Staff may request a questionnaire be completed
- Wilshire Associates assists with due diligence



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# Contacts

Mainstream Program and Environmental Program	RFP's are advertised and available on CalPERS website
Manager Development Program	Legato Capital Management Strategic Investment Management
Fund of Funds	FIS Group Leading Edge Investment Advisors
Corporate Governance Program	Contact CalPERS Corporate Governance staff



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Thank you.



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# Women In Investments Conference Public Equity Workshop

Trish Taniguchi  
Portfolio Manager, Global Equities, CalSTRS



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# Public Equity Portfolio

- U.S. Portfolio
  - Mainstream Managers
  - Developing Managers
  - Sustainable Managers
  - Corporate Governance Funds
- Non-U.S. Portfolio
  - Mainstream Managers – Developed and Emerging Mkts
  - Sustainable Manager – Global Mandate
  - Corporate Governance Funds



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## Asset Allocation 12/31/08

- MV US Equity Portfolio: \$41 Billion
- Active Management \$12 Billion
  - Dev Mgr. Program \$1 Billion (8% of Active US)
- Passive Management \$29 Billion





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# Developing Manager Program

- Program Definition
  - Firms with <\$2 Billion AUM
- Program Objective
  - US equity strategies. Long only, actively managed portfolios
- Performance Objective
  - Russell 3000 + 150 bps



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# Developing Manager Program

## Initial Funding

- Funded 3 Fund of Funds Managers in 2Q 2004
  - Total \$600 million allocation
  - Delegated full discretion to select managers
  - Benchmarked to Russell 3000 Index



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# Developing Manager Program

## Additional Funding

- Funded 4 Add'l Fund of Funds Managers in 1H 2008
  - Total \$550 million allocation
  - Delegated full discretion to select managers
  - Benchmark to various Russell Indices



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# Developing Manager Program

## Status of Program @ 12/31/08

- Market Value of Program: \$1.2 Billion
- 6 Fund of Funds Managers
- 60 Underlying Developing Managers
  - 24 Minority-Owned Firms
  - 7 Woman-Owned Firms
  - 29 Emerging Firms



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Russell 3000 Mandate	FIS Group Northern Trust Progress Investment Mgmt
Russell 2000 Mandate	Capital Prospects Bivium Capital Partners
Russell 1000 Growth Mandate	Leading Edge Investment Advisors



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## Next Steps

- Enhance RFP Process
- Formalize Graduation Policy





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Thank you.